

CHAPTER-IV Motor Vehicle Taxes

4.1 Tax administration

The provisions of the Karnataka Motor Vehicles Taxation (KMVT) Act, 1957, and rules made thereunder govern the levy and collection of taxes on motor vehicles. The levy of taxes on motor vehicles is administered by the Transport Department headed by the Commissioner for Transport and Road Safety who is assisted by Joint Commissioners of Transport. There are 59 Deputy Commissioner for Transport and Senior Regional Transport Offices / Regional Transport Offices (RTOs)/Assistant Regional Transport Offices (ARTOs) and 15 check posts in the State.

4.2 Internal audit

The Internal Audit Wing (IAW) is functioning in the Transport Department since 1960.

As per the information furnished by the Department, out of 84 offices due for audit during 2015-16, none of the offices were audited by IAW. The shortfall in coverage of offices was attributed to the shortage of staff in the Wing. Year wise details of the number of objections raised, settled and pending along with tax effect, as furnished by the Department are given in **Table 4.1**.

Table 4.1
Year wise details of observations raised by IAW

(₹ in lakh)

Year	Observations raised		Observations settled		Observations pending	
	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
2011-12	107	53.42	27	6.50	80	46.92
2012-13	79	116.82	16	17.63	63	99.19
2013-14	174	513.60	36	163.12	138	350.48
2014-15	-	-	-	-	-	-
2015-16	-	-	-	-	-	-
Total	360	683.84	79	187.25	281	496.59

As seen from above, it is clear that the activities of IAW in the Department have reduced to a greater extent after 2013-14 and virtually to nil in the previous two year period. This indicates that the department is not according due importance to internal audit.

It is recommended that due importance may be accorded to strengthen IAW as internal audit is an important mechanism to ensure the compliance of the department with the applicable laws, regulations and approved procedures.

4.3 Results of Audit

In 2015-16, test check of records in 41 offices of Transport Department, disclosed under assessment of tax and other irregularities amounting to ₹ 5.18 crore brought out through 77 paragraphs. The observations broadly fall under the following categories as given in **Table 4.2**.

Table 4.2
Results of Audit

(₹ in crore)			
SI No	Category	No. of paragraphs	Amount
1.	‘Working of Department Statutory Action in Motor Vehicles Department’	1	2.57
2.	Non /short levy of Life Time Tax	19	0.50
3.	Non demand of quarterly tax	25	0.66
4.	Other irregularities	32	1.45
	TOTAL	77	5.18

During the course of the year, the Department accepted under assessments and other deficiencies involving ₹ 2.08 crore in cases pointed out through 74 paragraphs. An amount of ₹ 1.44 crore was also recovered in cases pointed out through 47 paragraphs pertaining to earlier years.

Audit on ‘Working of Departmental Statutory Action in Motor Vehicles Department’ involving ₹ 2.57 crore is discussed in the following paragraphs.

4.4 “Working of Departmental Statutory Action in Motor Vehicles Department”

Highlights

In 2,737 cases booked for non-production of documents, tax due of ₹ 1.20 crore from 35 Motor Vehicles was not identified and demanded. In 154 cases, fitness certificates, Clearance Certificates and No Objection Certificates were issued / renewed without disposing off the offence cases booked.

(Paragraphs 4.4.6.2 and 4.4.6.3)

In respect of 13 vehicles, documents like RC, MDL, Permit etc. were issued in duplicate by the Original Registering Authority (RTO) without the knowledge of these documents being impounded in original by another RTO.

(Paragraph 4.4.6.2)

In respect of 438 cases booked for overloading of vehicles, the excess goods were not off loaded and Compounding Fine of ₹ 68.19 lakh was also not collected.

(Paragraphs 4.4.7.1 and 4.4.7.2)

Lack of coordination between the field offices and Karnataka State Transport Authority resulted in issue of No Objection Certificates and non-surrender of documents in respect of 143 vehicles whose permits were under suspension.

(Paragraph 4.4.8)

Non disposal of 130 vehicles seized for non-payment of tax of ₹ 63.08 lakh through public auction resulted in non-recovery of tax due from those vehicles.

(Paragraph 4.4.9.1)

4.4.1 Introduction

Taxation and regulation of Motor Vehicles (MV) is accomplished through the provisions of a number of enactments. Violations of rules under any of these enactments, for example non-payment of MV tax, plying on public road without valid permit or valid Fitness Certificate (FC), driving without a licence, overloading, not possessing the Certificate of Registration (RC), plying on road without registration / Insurance Certificate (IC) / Pollution Under Control Certificate (PUC) or Emission Test Certificate (ETC) etc. when detected by the Transport Department Authorities are booked under Departmental Statutory Action (DSA).

Offences booked under DSA may be compounded by the Officers authorised at the time of booking. In cases where the Registered Owners (ROs) / drivers refuse to pay Compounding Fine (CF), and if the case is not settled within the stipulated time of 15 days, then the department has to file a case before the Court of law for prosecution.

Whenever tax due has not been paid in respect of any MV within the period specified (either quarterly, half-yearly, yearly or Life Time Tax), the authorised officer of the Department not below the rank of IMV may seize and detain the MV for recovery of tax.

4.4.2 Audit Objectives

This audit attempted to find out whether:

- cases registered under Departmental Statutory Action (DSA) are disposed off in compliance with the existing regulatory framework? and
- the enforcement function of the Department is suitably integrated to the VAHAN Software, for effective follow-up action?

4.4.3 Audit Criteria

The sources of audit criteria are as follows:

- The Motor Vehicles Act, 1988
- The Central Motor Vehicles Rules, 1989
- The Karnataka Motor Vehicles Rules, 1989
- The Karnataka Motor Vehicles Taxation Act, 1957
- The Karnataka Motor Vehicles Taxation Rules, 1957
- Circulars issued by Commissioner for Transport and Road Safety in this regard

4.4.4 Scope of Audit

The period of Audit was for five years from 2011-12 to 2015-16. Adequacy of systems and controls in disposing of DSA cases and sale of MVs seized and detained to recover the Government dues through public auction were analysed in this Audit. 12¹ out of 59 Deputy Commissioner for Transport and

¹ DCT and Sr. RTOs, Bengaluru (South), DCT and Sr. RTO, Bengaluru (Central), DCT and Sr. RTO, Electronic City, Bengaluru, DCT and Sr. RTO, Mangaluru, DCT and Sr. RTO, Kalaburgi, DCT and Sr. RTO, Dharwad, DCT and Sr. RTO, Shivamogga, RTO, Hassan, RTO, Nelamangala, RTO, Kolar, RTO, Mandya, Additional Commissioner for Transport and Secretary, Karnataka State Transport Authority, Bengaluru.

Sr.Regional Transport Officers (DCT and Sr. RTO) / RTOs and three² of 15 check posts were selected for test check of records on the basis of geographical representation³. The total number of cases pending under DSA throughout the State as on 31 March 2016 was 1,02,014. Out of this, 39,399 DSA cases were pending in the selected offices, of which 3,750 cases were selected for Audit based on random sampling. In respect of cases relating to MVs seized and detained for recovery of tax dues, 100 *per cent* check was conducted. The total number of MVs seized was 400 in the selected offices.

4.4.5 Methodology

Records pertaining to pendency and disposal of DSA cases and sale and pendency of disposal of MVs seized and detained were test checked to ascertain timely action taken to collect Government dues and CF along with timely intimation of pending cases to the Original Registering Authority (ORA) / Permit Issuing Authority concerned. Cross-verifications were done from State Register⁴, National Register⁵ (i.e. VAHAN) and with the ORA to ascertain regular payment of tax and renewal/issue of certificates like FC, Clearance Certificate (CC)/No Objection Certificate (NOC) without disposal of pending DSA cases.

4.4.6 Booking and status of cases under DSA in the Department

Offences committed are booked under relevant provisions of the Act and Rules. As stated earlier, such cases could be settled either by compounding or through prosecution. The CF is levied by the enforcement authority not below the rank of Inspector of Motor Vehicles (IMV) on the spot by issuing Check Report cum Receipt (CRR)⁶ or Check Report (CR)⁷. Though Government of Karnataka started computerisation of the Transport Department from the period 2000-01, data in respect of DSA cases has not been computerised yet. The cases booked during check of the vehicles by the IMV are forwarded to the office where they are entered manually in a DSA register and further follow up of these cases is watched. Whenever a case is settled, it is rounded off in the register.

As mentioned under methodology, audit selected a sample of cases booked under DSA for the period from 2011-12 to 2015-16 in the Offices and Check

² ARTO, Attibele Check Post, Bengaluru, ARTO, Humnabad Check Post, Bidar and ARTO, Zalki Check Post, Vijayapura.

³ Two offices each in North-Western and North-Eastern region of the State and one office each in Eastern, Western and Central region of the State. Further, in Southern Region, eight offices were selected since Bengaluru Urban and Rural Divisions come in this region and also due to more pendency of DSA in these Divisions.

⁴ The information like registration details, tax payment, class of vehicle, address etc. which are captured at the RTO level may entirely go to the State Register, so as to avoid any dependency of introducing new services on the level of information available at the state level.

⁵ Data from the different State Registers situated at State Data Centers flow to the National Register maintained by Ministry of Road Transport and Highways, Government of India. The National Register acts as a central repository of all crucial data/ information. This also enables the users to avail the service on "Anywhere Service" basis.

⁶ CRR is issued where the offences are compounded on the spot.

⁷ CR is a show cause notice which is issued in cases where the offences are not compounded on the spot but at a later date.

Posts selected for analysis. Audit noticed that the selected sample of DSA cases falls under the following categories as given in **Table 4.3**.

Table 4.3
Status of cases pending under DSA

Nature of Offence	Number of cases
Non-production of documents	2,737
Overloading of goods by MVs	438
MVs seized for non-payment of tax	400
Violation of permit conditions	163
MVs mis-used/altered	12
TOTAL	3,750

Audit noticed that the follow-up efforts made by the Department to dispose off these cases were not found documented. It is pertinent to note that the Department did not offer these cases for compounding even when the MVs concerned approached the RTOs for different transactions like issue / renewal of NOC, CC, FC, etc. Details of analysis of these cases by Audit are detailed in the paragraphs below:

4.4.6.1 Failure to verify complete details during inspections and inadequate follow up of the pending cases

Section 207 of the MV Act empowers the Authorised Officers, if he has reason to believe that a MV has been or is being used in contravention of the provisions of Act or in contravention of any condition of such permit, to seize and detain the vehicle in the prescribed manner.

Section 213 of the MV Act empowers the department to make such examination and inquiry as it thinks fit in order to ascertain whether the provisions of the Act and the Rules made thereunder are being observed. It also empowers the department to examine any person and require the production of any register or other document maintained in pursuance of the Act, and take on the spot or otherwise statements of any person which it may consider necessary for carrying out for the purposes of the Act.

Further, according to Rule 139 of the CMV Rules, 1989 read with Section 130 of the MV Act, 1988, the driver or conductor of a MV shall produce RC, IC, FC, permit, the Motor Driving License (MDL) and any other relevant documents on demand by any police officer in uniform or any other officer authorised by the State Government in this behalf, and if any or all of the documents are not in his possession, he shall produce duly attested extract or extracts of the documents within 15 days from the date of demand.

4.4.6.2. From the sample selected, Audit noticed that 2,737 cases were booked for non-production of documents, where the driver failed to produce RC, FC, IC, Tax Card (TC), ETC, Permit, MDL etc. for verification. These MVs were released and audit noticed that these documents were not produced subsequently within 15 days as prescribed under the Rules. However, no action was found to be initiated by the department in this regard to follow up the cases and collect the CF applicable from such offenders.

In addition, Audit noticed that whenever a MV is checked / inspected, the person authorised to inspect is not in a position to examine the complete details regarding the MV like tax payment details, violation of permit conditions, alteration of the vehicle after registration, incidence of previous offences etc. Due to non-computerisation of the DSA cases, details of the offences were inaccessible to the IMV at the time of inspection. National Register and State Registers were also not accessible to the IMVs to detect non compliances towards payment of tax, class of vehicle, issue of NOC etc.

Audit analysed the cases booked for non-production, by cross-verifying the details of such MVs among different RTOs, National Register, etc. and found that 63 MVs out of the cases booked for non-production of documents, had other more serious offences including non-payment of taxes, violation of permit conditions, alteration of vehicle after registration, etc. pending against them. These offences went un-noticed by the IMV at the time of inspection due to lack of information as explained above. In certain cases, documents seized by the Inspecting Officer were issued in duplicate from another Office (jurisdictional office). Details in respect of the 63 vehicles mentioned above are illustrated below:

- In 13 cases, audit found that documents like RC, MDL, Permit etc. were issued in duplicate by the ORA/OLA without the knowledge of these documents being impounded in original by another RTO.
- In six⁸ DCT and Sr.RTOs / RTOs/ Check Posts, tax amounting to ₹ 87.40 lakh for the period from August 2010 to November 2016 was found due from 23 MVs. This fact was not noticed by the IMVs while inspecting the vehicle and consequently the MV was booked only for non-production of documents.
- There were 11 MVs (two cases relates to MVs registered in other state) classified as ‘Campers Van’⁹ which were equipped with seats and berths more than the prescribed. Though this fact was recorded by the IMVs in the CRs, vehicle was not seized as provided under Section 207 of the MV Act. It is pertinent to note that the cases booked against these vehicles were for non-production of documents.
- MV Tax amounting to ₹ 32.38 lakh was not collected in another 12 cases in which the MV were found to be altered after registration. Though, the fact of alteration of vehicles was recorded in the CR, aforesaid additional tax liability as per Section 8-B¹⁰ of the KMVT Act, was not collected. Further, it should be noted that offence booked against such MVs were for non-production of documents.

⁸ Bengaluru (Central), Electronic City, Hassan, Humnabad Check Post, Kalaburgi and Mandya.

⁹ According to Notifications issued by the Department read with Rule 2(l) of the CMV Rules, 1989, “Campers Van” means a special category vehicle constructed to include living accommodation having cooking and storage facility, which should not include more than eight seats convertible into sleeper in addition to the driver’s seat.

¹⁰ According to section 8-B of the KMVT Act, 1957, if a Vehicle is found altered after registration which attracts higher rate of tax, such MV shall be made to pay twice the difference of tax between the tax already paid and the liability at higher rate.

- Two MVs were issued NOC from the State of Karnataka (during July 2006 and September 2008) for migration to another State. These MVs were found plying in the State of Karnataka against which cases of non-production of documents were registered during July 2011 and May 2014. On cross verification with National Register, Audit noticed that these MVs were not registered in the States to which NOC was issued nor were the NOCs cancelled at the Issuing Authority. Hence, the chances of these MVs plying in State itself, even after obtaining NOC, without payment of tax cannot be ruled out. Potential tax effect along with penalty works out to ₹ 25.98 lakh.
- Two MVs were issued NOC from other States for migration to the State of Karnataka. However, these MVs did not get registered in Karnataka and were plying in the State without payment of taxes. Tax to the tune of ₹ 3.02 lakh for the period from March 2007 was due from these MVs.

4.4.6.3 Audit noticed that though the MVs against which cases were pending had approached the department to obtain different documents like NOC, CC, FC, cancellation / renewal of permit, etc. the department failed to ascertain the pendency of offences and consequently no action was initiated to settle the offences. Certain illustrations to emphasise the point are detailed below:

- There were 110 CRs pending against 39 MVs in five¹¹ DCT and Sr.RTOs / RTOs with total CF due amounting to ₹ 6.14 lakh. This indicates multiple offences against a single vehicle which went unnoticed resulting in the non-booking of increased penalty for second and subsequent offence.
- In 154 cases, fitness was renewed and CC was issued without disposing off the previously booked DSAs on these MVs which resulted in non-collection of CF of ₹ 1.17 lakh. 126 of such cases booked by the ORA were not settled at the time of renewal of fitness and issue of CC/NOC
- Permits were also found cancelled/renewed subsequently without settling the offence in respect of two MVs.

In this connection, a comparison can be made with the Inspectors of Police Department (Traffic) who have been supplied with hand-held devices loaded with up-to-date information of the offences booked by them. This improves the efficiency of settling pending offences and collection of fines in the Traffic Police Department. A similar model may work for the Transport Department as well, as the device will quickly inform the IMVs details regarding the MVs inspected and pending offences against the MVs.

These cases were brought to the notice of the Department/Government during October 2016. Reply is still awaited (December 2016).

¹¹ Bengaluru (South), Dharwad, Mangaluru, Kolar and Nelamangala.

4.4.7 Goods in excess of the permissible limit were allowed to be transported without offloading and without levying CF

According to Section 113 read with Section 114 of the MV Act and circular instructions¹² of Commissioner for Transport and Road Safety, MV carrying goods in excess of the permissible quantity, shall be made to offload the excess goods carried by it before allowing the vehicle to move further.

As per Section 194 read with Section 200 of the MV Act, the offence shall be compounded by levying the fine specified under the Act. Further, Audit pointed out that MVs with extra load above the permitted limit are a potential threat to the quality of roads, to the environment due to higher levels of emission and to road safety as these MVs are prone to accidents due to overturning / toppling.

Audit noticed that the MVs carrying load in excess of the permitted quantity, though booked under DSA, were allowed to proceed without offloading the excess load carried by them. Details in this respect are as below:

4.4.7.1 There were 384 cases of overloading, noticed by the Department, in respect of MVs registered in the State which were not made to offload the excess load carried before allowing to proceed further. It was noticed that the officers concerned had not taken action to offer these cases to be compounded which resulted in non-collection of CF to the tune of ₹ 62.13 lakh.

4.4.7.2 Further, against 11¹³ DCT and Sr.RTOs / RTOs / Check posts, 54 cases were booked in respect of MVs pertaining to other State/s wherein excess goods were not offloaded. Here also no action was taken to compound the cases which resulted in non-levy of CF amounting to ₹ 6.06 lakh. Audit points out that non-collection of CF on the spot is necessary in such cases as the follow up of MVs registered in other States is comparatively difficult and the chances of such fines becoming non- realisable are high.

Further, Audit noticed that in respect of 29 MVs out of the 438 vehicles mentioned in the paragraphs from 4.4.7.1 to 4.4.7.2, NOCs for transfer outside the state were issued, without settling the cases pending against them, due to delay or non-intimation of cases booked to the ORA or to the permit issuing authority.

Audit noticed that in none of the cases in the sample selected for audit, the department has taken action to offload the goods in excess. Hence compliance to the provision regarding overloading was non-existent in the Department.

These cases were brought to the notice of the Department/Government during October 2016. Reply is still awaited (December 2016).

¹² Circular instructions issued by the Commissioner for Transport and Road Safety on 20 September 2013.

¹³ Attibele Checkpost, Bengaluru (Central), Bengaluru (South), Electronic City, Dharwad, Hassan, Humnabad Checkpost, Kalaburgi, Kolar, Nelamangala and Zalki Checkpost.

4.4.8 Non-coordination of the RTOs with Karnataka State Transport Authority (KSTA)

The offence cases booked in the DCT and Sr. RTOs/ RTOs/ ARTOs/ Check Posts for violation of permit conditions like route violations, plying with passengers more than permitted, carrying goods other than goods of passengers, contract carriages operating as stage carriages etc. in the entire State are to be forwarded to KSTA¹⁴, Bengaluru to initiate action under Section 86 of the MV Act. According to this Section, Permit Issuing Authorities can take action against the violation of permit conditions and have the powers of cancellation/ suspension of permits. On receipt of cases booked for permit violations, KSTA has to pass an order for suspension/cancellation of permits, after giving suitable opportunity to the offender. Such orders shall be intimated to the jurisdictional RTOs with a copy endorsed to office where the case was booked.

Audit noticed that 163 cases were booked for violation of permit conditions in the sample selected. Analysis of such cases revealed the following:

- 128 cases were booked between April 2008 and May 2015 and forwarded to KSTA. KSTA suspended the permits of these MVs during July 2013 and June 2016 for a period ranging from 10 days to 270 days. However, this was not pursued by KSTA to confirm whether the order of suspension was implemented by surrendering of the documents in original and keeping of MVs under non-use during the period of suspension. On cross verification with National Register, Audit found that these vehicles were paying taxes regularly during the period of suspension / cancellation and hence concluded that the documents were not surrendered by ROs and MVs were plying even during suspension/cancellation.
- In three¹⁵ DCT and Sr.RTO/RTO/Check Posts, 17 cases were booked relating to carrying of commercial goods i.e. not belonging to passengers by the All India Tourist Omni Buses (AITOBs) / contract carriages. However, such goods were not offloaded or seized and buses were released without compounding the offences. Audit also noticed that these cases were not intimated to KSTA for initiating action under Section 86 of the MV Act.
- In 15 cases, NOCs were issued by ORA without obtaining confirmation of settlement of offences from the KSTA.

The above lapses indicate lack of coordination between various field offices and KSTA.

These cases were brought to the notice of the Department/Government during October 2016. Reply is still awaited (December 2016).

¹⁴ KSTA is the permit Issuing Authority in respect AITOBs, Contract Carriages, Stage Carriages (interstate). The permits issued are valid for a period of five years.

¹⁵ Bengaluru (South), Nelamangala and Zalki Check Post.

4.4.9 Disposal of MVs seized and detained

Sub-section (2) of Section 11-A of the KMVT Act, 1957, stipulates that, if the tax due in respect of the vehicle seized and detained is not paid within thirty days from the date of such seizure and detention, the officer empowered by the State Government may, after giving a notice in writing to the Registered Owner (RO) and the person who had the possession or control of the vehicle immediately before such seizure and detention, and considering their objections, if any, recover the tax due by sale of such vehicle in the manner prescribed in Rule 27-B¹⁶ of KMVT Rules.

During the audit period in the selected offices, 400 MVs were seized and detained for non-payment of tax dues. Audit checked the compliance with the provisions and timely disposal of the MVs seized to verify the effectiveness in recovering the tax dues and found the following:

4.4.9.1 Out of 400 MVs seized, 130 MVs were seized for non-payment of tax amounting to ₹ 63.08 lakh for the period from July 2006 to May 2016 in 12¹⁷ DCT and Sr. RTOs / RTOs/ Check Post. However, these MVs were not put up for public auction for recovery of the tax due. Audit points out that delay in initiating action for conduct of auction in respect of these MVs have already ranged from 3 to 97 months. The reasons for inaction in all these cases where revenue is due to the Government Exchequer were not found recorded in the documents produced.

4.4.9.2 In five¹⁸ DCT and Sr. RTOs/RTOs, 35 MVs were seized and detained for non-payment of taxes. On a cross check in VAHAN Software, Audit found that these MVs were released and were subsequently paying taxes regularly and getting FC renewed from time to time. But, Audit could not trace the orders of release of these MVs from the records produced.

4.4.9.3 According to Rule 27-B (8) of the KMVT Rules, 1957, where the proceeds of the sale through auction is less than the tax due and the expenses incidental to the sale of the vehicle, the empowered officer shall forward the certificate for recovery of the deficit amount of the tax due as arrears of land revenue to the Deputy Commissioner of the District in which the RO of the vehicle resides.

Audit noticed that auction was carried out for the disposal of 15 seized MVs, after a considerable delay of 04 to 151 months, from which a tax of ₹ 11.26 lakh was due to the Government. The amount recovered against these vehicles through auction was as given in **Table 4.4**

¹⁶ Rule 27-B prescribes the manner of conduct of auction which includes issue of proclamation (both in Kannada and English) which specifies the date, place and time of auction along with description of the MV. The same has to be advertised in local newspapers. Rule further prescribes the money to be deposited at the time auction etc.

¹⁷ Bengaluru (Central), Bengaluru (South), Electronic City, Dharwad, Hassan, Humnabad Check Post, Kalaburgi, Kolar, Mandya, Nelamangala, Mangaluru and Shivamogga.

¹⁸ Electronic City, Kalaburgi, Kolar, Nelamangala and Mandya.

Table:4.4
Disposal of Motor Vehicles in auction

Delay	Number of MVs	Amount of Tax Due	(₹ in lakh)
			Amount recovered
04 months to 12 months	04	3.56	1.97
13 months to 60 months	06	6.36	3.49
61 months to 120 months	03	0.64	0.33
More than 121 months	02	0.70	0.34
Total	15	11.26	6.13

Audit noticed that though the revenue collected from the auction proceeds was less than the tax due, Department has not initiated action to forward certificate for recovery of the deficit amount of tax to the Deputy Commissioner (Revenue).

4.4.9.4 Cases of non-registration were booked against three MVs which were seized and detained by the Department. Two of these MVs were found missing from the place of custody as per the Department records. On inspection, Audit found that the third MV was also missing from the office premises, where it was kept in custody. Further, it was also noticed that no action was found to be initiated by the Department to trace out these vehicles as per the records produced.

4.4.9.5 In respect of remaining 217¹⁹ MVs, 14 MVs were auctioned off recovering amount commensurate with the tax amount due from those MVs. Further, in respect of 125 MVs, Audit noticed from the records that there was no tax due from these MVs. However, these MVs were not released by the Department as no claims were made by the ROs for release of these MVs. Intimations issued to the ROs by the Department in this respect were also returned due to incorrect or incomplete address. Department may have to take proactive action to dispose off these MVs after completing the required procedures.

All these cases indicate unsystematic dealing of the offence cases, lack of proper periodical follow up and timely action in disposing of the MVs detained in the custody of the Office.

After these cases were brought to notice of the Officers concerned (June to September 2016), it was replied that the matter would be examined.

These cases were brought to the notice of the Department/Government during October 2016. Reply is still awaited (December 2016).

4.4.10 Non-production of records

4.4.10.1 In DCT and Sr.RTO, Dharwad, 78 files relating to MVs sold in public auction during the period from 2011-12 to 2015-16 were not produced after multiple requests.

4.4.10.2 In DCT and Sr.RTO, Mangaluru, five files relating to MVs seized and detained which are pending for sale through public auction for recovery of tax due from May 2000 to December 2015 were not produced.

¹⁹ 78 files of MVs disposed off in auction were not produced to audit which is detailed in a subsequent paragraph.

4.4.11 Conclusion

As noticed from the sample selected, Audit concludes that ineffective follow up led to DSA cases remaining unsettled in the Offices visited. Absence of a centralised database and controls in the department resulted in the MVs, even with cases pending against them, getting renewal of FC, issue / renewal of permits / payment of tax / issue of CC / NOC done without settling of the cases pending against them. Timely action was not taken to intimate the Original Registering Authorities regarding the instances of impounding of original documents by another RTO which led to issue of duplicate RC/ MDL on false affidavits. Non-offloading of excess loads carried by the MVs may affect the condition of the roads and worsen the already polluted environment. Further, non-disposal or delay in disposal of seized MVs has led to significant number of MVs lying un-disposed and also resulted in loss of revenue to the Government.

4.4.12 Recommendations

It is recommended that:

- 1. Centralised database may be developed for offence cases to ensure accessibility of such information throughout the State and make the settlement of these cases an essential criterion for services like renewal of fitness/ issue of CC/ NOC/ Permits or its renewal/ issue of duplicate records, etc.*
- 2. Hand held devices, like the ones with Police Department (Traffic) in the State, may be supplied to the enforcement authorities, to verify all the pertinent details of MVs and incidences of previous offences against them.*